



## **LAO Assesses Governor's 1999-00 Budget**

The Legislative Analyst's Office (LAO) released its analysis of the Governor's budget on February 16. The LAO's assessment of the budget for current economic and revenue trends is significantly stronger than the Governor's budget's forecast.

The LAO projects General Fund revenue of \$57.1 billion in the current year and \$60.8 billion in the budget year. The revenue estimates for the two years combined are approximately \$1.3 billion above the Governor's projections. The LAO's higher revenue projections for both the current and budget year is largely related to higher income tax collections.

LAO estimates for General Fund expenditures of \$58.2 billion in 1998-99 are similar to the Governor's estimate. The LAO's 1999-00 fiscal year projection of \$61.3 billion is higher than the Governor's budget estimates by \$794 million. The increase is partly due to assumed lower-than budgeted federal reimbursements for Medi-Cal and corrections.

The LAO estimates a General Fund reserve amount of \$1.4 billion for the current year 1998-99, or \$784 million more than the Governor's estimate. The budget year 1999-00 will conclude with a year-end reserve of slightly under \$1 billion, which is \$548 million above the \$415 million forecasted in the budget.



## **Treasurer Announces Second Phase of Appointments**

On February 3, the Treasurer announced the second phase of appointments to his management team. Anne Stausboll has been appointed as General Counsel, Daniel L. Reeves will serve as the Legislative and Policy Director and Angela Gianulias will serve as the Director of Public Liaison.

Susan Baltake will serve as Assistant Treasurer as well as Executive Director of the California Educational Facilities Authority.

The following individuals will serve as Executive Directors of authorities chaired by the Treasurer:

Sam Smalls, California Pollution Control Financing Authority; Jeanne Peterson, California Tax Credit Allocation Committee; Phyllis F. Klein, California Debt Limit Allocation Committee; and Lisa Presta, California School Finance Authority.

## **California Goes to Market With Various Purpose GO Bonds**

On February 23, the Treasurer sold \$500 million of general obligation bonds. This sale included \$86.8 million of refunding bonds. By refinancing prior General Obligation bonds at a lower interest rate, the Treasurer was able to save taxpayers approximately \$4.4 million through lower debt service payments.

The competitive bond sale received bids from syndicates led by Salomon Smith Barney, Merrill Lynch & Co., Goldman, Sachs & Co., and NationsBanc Montgomery Securities. The bonds were awarded to Salomon Smith Barney with a true interest cost of 4.6499 percent.

Proceeds from the new money bonds were issued to finance various education, highway, bridge and open space projects, and, in part, to pay off a portion of the outstanding GO commercial paper notes.

## Listing of Redemptions

*This listing reflects redemptions officially announced as of March 1, 1999. These bonds will be redeemed on April 1, 1999.*

**State Public Works Board of the State of California, High Technology Facility Lease Revenue Bonds (The Regents of the University of California), 1986 Series A, (Irvine Facility), Dated Date: April 1, 1986 (Partial Redemption)**

\$350,000 of the bonds due April 1, 2006, will be redeemed on April 1, 1999.

**State Public Works Board of the State of California, High Technology Facility Lease Revenue Bonds (The Regents of the University of California), 1986 Series A, (San Diego Facility), Dated Date: April 1, 1986 (Partial Redemption)**

\$2,795,000 of the bonds due April 1, 2006, will be redeemed on April 1, 1999.

**State of California Veterans General Obligation Bonds, Series YY, Dated Date: January 1, 1979 (Full Redemption)**

All of the bonds due April 1, 2000 to 2004, will be redeemed on April 1, 1999.

**Department of Veterans Affairs of the State of California, Home Purchase Revenue Bonds, 1997 Series C, Dated Date: December 29, 1997. Mandatory Tender Date has been designated as March 30, 1999.**

\$100,000,000 of bonds will be deemed tendered for purchase on March 30, 1999.

*If you have any questions regarding these redemptions, please call the State Treasurer's office at (800) 900-3873.*

## Ask The State Treasurer

**Q:** How do I find out whether or not my bond is subject to a call for early redemption?

**A:** We have received letters from bondholders expressing frustration when they have received a call notice. Many bondholders are surprised to learn that their bonds are callable. The simplest way to determine call provisions is to ask your broker or read the disclosure documents for the bond, i.e., the Official Statement or the Indenture. Also, the issuer, the trustee and the bond counsel should have detailed knowledge about the bond. Finally, your broker should explain the call provisions of a bond in detail before you commit to buying the bond.

## Have a question you would like to ask the State Treasurer?

Send it to : Philip Angelides, State Treasurer  
Investor Relations Section  
P.O. Box 942809  
Sacramento, CA 94209-0001  
Phone (800) 900-3873 or  
(916) 653-3243  
Fax (916) 657-4827  
<http://www.treasurer.ca.gov>

## Bond Sales Calendar\*

If you are interested in purchasing any of these bonds, please contact your broker two weeks before the sale date. For updated information regarding upcoming sales, please contact the Debt Issuance Section at (800) 900-3873.

BOND SALES	AMOUNT	SALE DATE
State Public Works Board Refunding, Various Lease Revenue Bonds	To be determined	March 10, 1999
Department of Veterans Affairs, Home Purchase Revenue Bonds	\$140 million	March 17, 1999
Department of Veterans Affairs, Home Purchase Revenue Bonds - Short-Term Remarketing	\$100 million	March 17, 1999
Various Purpose General Obligation Bonds	To be determined	April 7, 1999
Department of Veterans Affairs, General Obligation Bonds	To be determined	April 14, 1999

**\*Subject to change without notice.**